

DRAFT

PROSPECTIVE GERMAN REARMAMENT AND SOVIET LINES OF ACTION

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I. First objective of Soviet foreign policy is to prevent agreement on West German rearmament.

(a) Here Soviet faces loss of first round.

(b) This could force Soviet to reappraise their soft policy and might lead to more vigorous action. Further, they will have lost face by their failure to block ratification of Paris Agreements.

(c) Hence we face period which requires unusual vigilance though Soviet will realize that ratification is not rearmament and that there will be two or three years between ratification and any substantial German military force in being.

(d) Hence timing of action will depend upon their judgment as to course which will prevent ultimate rearmament in the NATO Alliance.

II. In attempting to prevent ratification of Paris Agreements, Moscow has made a series of threats.

(a) To strengthen the Soviet Bloc's own war machine (this may be effect propaganda wise but budget juggling).

(b) To continue indefinitely the division of Germany and the

(c) To scrap Franco-Soviet and Anglo-Soviet treaties of military assistance (against German aggression).

(d) To refuse further negotiation with West.

III. These open and official steps have been accompanied by vigorous, private, and diplomatic pressure moves.

(a) Pressure on French and Austrian ambassadors and soft words to Yugoslavs, Indonesians, Burmese, and others.

IV. We should be on guard against possibility that Soviet will take some further action upon ratification to show that they have not been bluffing and to alert the waverers particularly in France and Germany as to possible consequences of proceeding with rearmament, such as

(a) Restrictions on border crossings between West and East

Zone Germany and between Western and Eastern sectors of Berlin.

(b) Possible French Communist attempts to foment political strikes.

(c) Increase Soviet support of Chinese objectives.

(d) Break off of disarmament negotiations.

(e) Renewed attack on American atomic invasion of Europe and

have use of American bases for atomic warfare.

(f) Increased pressures on Finland.

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VI. If Soviet tries to continue soft line in Europe it may nevertheless, as indicated by its recent support of Chiang re Formosa, back Chiang in following a tough line in Asia, particularly against the USA and secondarily against the UK.

Particularly there will be propaganda exploitation of Hammarshold Peiping mission; piracy charges; UN disposition of POWS from Korean war; continued harassment off-shore islands; increased aid to Viet Minh.

In contrast they will continue cultivation of India, Burma, Indochina, and Japan.